

SENATE BILL 2605
By Haynes

AN ACT to amend Tennessee Code Annotated, Title 56, relative to commercial insurance.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-7-1804, is amended by deleting the section in its entirety and by substituting instead the following:

(a) No notice of cancellation of a commercial risk insurance policy shall be effective unless mailed by the insurer, its authorized agent, or employee, to the named insured as shown in the policy declarations at the address shown in such declarations.

(b) If the cancellation is due to any of the items set forth in § 56-7-1803, or if the policy has been in effect less than sixty (60) days and is not a renewal policy, such cancellation shall be effective not less than twenty (20) days after the date of mailing.

(c) The mailing of notice shall be sufficient proof of notice. The effective date and hour of cancellation stated in the notice shall become the end of the policy period unless the insured shall surrender the policy and request cancellation prior to the date and hour specified in the cancellation notice.

(d) Delivery of such written notice either by the agent or by the company shall be the equivalent of mailing.

(e) All notices of cancellation shall state which of the grounds set forth in § 56-7-1803 are relied upon, and that upon written request of the named insured, the insurer shall furnish the facts on which the cancellation is based.

(f) There shall be no liability on the part of, and no cause of action of any nature shall arise against, any insurer, its authorized representative, its agents, its employees, or any firm, person or corporation furnishing to the insurer information as to reason for cancellation, for any statement made by any of them in any written notice of cancellation,

for the providing of information pertaining thereto, or for statements made or evidence submitted at any hearings conducted in connection therewith.

SECTION 2. Tennessee Code Annotated, Section 56-7-1805, is amended by deleting the section in its entirety and by substituting instead the following:

(a) Unless the insurer, at least ninety (90) days in advance of the end of the policy period, mails or delivers to the named insured and agent at the address shown in the policy, notice of its intention not to renew the commercial risk policy or to condition its renewal on reduction of limits or elimination of coverages, the insurer is required to extend the existing policy ninety (90) days from the date such notice is provided. The premium for the policy provided in such circumstances shall be no more than a pro rata basis of the existing policy. Any commercial risk policy written for a term of less than one (1) year shall be considered as if written for a term of one (1) year. Any commercial risk policy written for a term longer than one (1) year, or any commercial risk policy with no fixed expiration date, shall be considered as if written for specific policy periods or terms of one (1) year.

(b) Notice of nonrenewal is not required if:

(1) The insurer has offered to issue a renewal policy; or

(2) Where the named insured has obtained replacement coverage or has agreed in writing to obtain replacement coverage.

(c) If an insurer provides the notice described in this section, and thereafter the insurer extends the policy for one hundred twenty days (120) days or less, an additional notice of nonrenewal is not required with respect to the extension.

SECTION 3. Tennessee Code Annotated, Section 56-7-1806, is amended by deleting the section in its entirety and by substituting instead the following:

(a)

(1) In the event an insurance company intends to revise the rates and/or factors included in the definition of "supplementary rate information" in § 56-5-302(10) of a commercial risk policy by an amount which is more than twenty-five percent (25%), the insurance company shall mail or deliver to the named insured

and agent at the address shown in the policy not less than ninety (90) days' notice of its intention to increase the rates and/or factors, specifying the percentage of increase.

(2) Unless notice is provided as described above, the insurer is required to extend the existing policy ninety (90) days from the date such notice is provided.

(3) The premium for the policy provided in such circumstances shall be no more than a pro rata basis of the existing policy.

(b) The ninety (90) day notice and extension of policy requirements outlined in this section apply on and after January 1, 2005.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.